

Amid Standoff, Divisions in Moscow and Vilnius

Gorbachev Faced With Choice Between Subsidies to Help Unity and Economic Reform

By Michael Dobbs
Washington Post Foreign Service

MOSCOW, April 21—Does the Kremlin's economic blockade of Lithuania mark the start of a final showdown with the rebel Baltic republic or could it set the stage for a negotiated solution to the crisis?

There was evidence to support both points of view at the end of a week of the most intense political saber-rattling between Moscow and Vilnius since Lithuania proclaimed its independence on March 11. Divisions have emerged in both camps that make the outcome of the drama difficult to predict.

In Moscow, President Mikhail Gorbachev is under pressure to accept nothing less than Lithuanian surrender. Hard-line Communists and sections of the military are calling for the imposition of presidential rule in Lithuania and the suspension of the Lithuanian legislature if the republic does not renounce its unilateral declaration of independence. But other politicians, notably Foreign Minister Eduard Shevardnadze, whose native Georgia could be the next republic to join the secessionist bandwagon, have urged caution.

The conflicting advice being offered to Gorbachev reflects his own split political personality. As the man ultimately responsible for the fate of the world's second superpower, he knows that the country could fall apart if other republics follow Lithuania out of the union. But he also fears that a major crack-down could set back East-West relations and imperil the equally important goal of modernizing the Soviet economy.

NEWS
ANALYSIS

Similar kinds of arguments are raging in Vilnius. The purists in the Lithuanian independence movement, Sajudis, insist that a negotiated solution is impossible, since the Soviet empire will never willingly dissolve itself. Pragmatists maintain that Lithuania faces rapid economic ruin unless it comes to some kind of understanding with Moscow.

Algirdas Brazauskas, the head of the republic's independent Communist Party, has proposed reviewing some of the enabling legislation that has caused most offense in Moscow, notably the ban on conscription to the Soviet army. Sajudis activists have accused him of running up the white flag.

Lithuanian President Vytautas Landsbergis, who heads Sajudis, has adopted a hard line in public. But he also has hinted that he might be ready for a face-saving solution that allows for a transitional period but keeps Lithuania's sovereignty intact. He told reporters today that Lithuania wants a compromise with Moscow, but the Kremlin had not come up with any proposals.

curity within a refashioned Soviet confederation and following Lithuania out into the cold.

The corollary of the treatment being meted out to Lithuania is that Russia will continue to subsidize political loyalty for the foreseeable future. Even if the government goes ahead with its plans to introduce a market economy, energy prices will be kept artificially low. Sudden price rises to world levels could trigger off massive unrest among non-Russian ethnic groups, particularly in Central Asia, where living standards are very low.

This week's events suggest that Gorbachev faces an unenviable choice. He can either go full speed ahead toward economic reform, phasing out economic subsidies to the non-Russian republics, as he has done overnight in Lithuania. Or he can save the federation. He cannot fight on both fronts.

An indication of whether a compromise is possible may come on Monday when Lithuanian negotiators travel to Moscow in an attempt to reestablish contact with Soviet officials. Apart from one inconclusive meeting last week between the Lithuanians and a senior Gorbachev aide, there have been no direct contacts between the two sides. The Kremlin has taken the position that there is nothing to talk about until Lithuania gives up its "illegal" actions.

Although Gorbachev publicly has called on Vilnius to drop its declaration of independence, there are some signs that he may be prepared to settle for less. One possible solution that has been talked about has been a two-year moratorium on independence on the understanding that Lithuania would then be free to leave. The law on secession adopted in late March speaks about a waiting period of "up to five years."

By cutting off supplies of vital raw materials to Lithuania, Gorbachev is hoping to bring political pressure to bear on Lithuanian leaders. But the embargo is also intended to serve as a lesson in economic reality to any other republic that may be thinking about secession.

Energy and other raw materials account for the bulk of the Soviet Union's hard-currency exports. And as Russian nationalists are increasingly fond of pointing out, most of these raw materials are located in the Russian republic. Russia is the source of 91 percent of the oil and 77 percent of the gas produced by the Soviet Union.

Until now, the non-Russian republics have been able to buy oil for anything between one-third and one-thirtieth of the world price. (Precise comparisons are meaningless because Soviet consumers pay in non-convertible rubles that are practically worthless abroad). On the domestic market, a pint of oil is one-eighth the price of a pint of mineral water.

By tightening the noose around Lithuania, Gorbachev is seeking to prove to the other outlying republics that they have an economic interest in remaining part of the Soviet Union. Indeed, he has specifically offered both Estonia and Latvia a choice between economic se-